

WARNING LETTER

ELECTRONIC MAIL

December 10, 2020

Fred Hampton
Vice President
Valero Partners Operating Company, LLC
One Valero Way
San Antonio, Texas 78249

CPF 4-2020-019-WL

Dear Mr. Hampton:

On August 20, 2020, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code (U.S.C.) inspected your Lucas Terminal facility in Beaumont, Texas.

As a result of the inspection, it is alleged that you have committed a probable violation of the Pipeline Safety Regulations, Title 49, Code of Federal Regulations (CFR). The item inspected and the probable violation is:

1. §195.49 Annual report

Each operator must annually complete and submit DOT Form PHMSA F 7000-1.1 for each type of hazardous liquid pipeline facility operated at the end of the previous year. An operator must submit the annual report by June 15 each year, except that for the 2010 reporting year the report must be submitted by August 15, 2011. A separate report is required for crude oil, HVL (including anhydrous ammonia), petroleum products, carbon dioxide pipelines, and fuel grade ethanol pipelines. For each state a pipeline traverses, an operator must separately complete those sections on the form requiring information to be reported for each state.

Valero Partners Operating, LLC (Valero) failed to determine the correct regulatory authority for its Lucas Terminal facility and file the correct PHMSA annual report PHMSA F 7000-1.1. Valero listed the Lucas Terminal facility as an intrastate asset under the intrastate regulatory authority of the Railroad Commission of Texas for 2017, 2018, and 2019.

PHMSA has determined that the Lucas Terminal facility is an interstate pipeline facility subject to the regulatory authority of PHMSA as described in § 195.1. More specifically, this facility is used as surge relief from an interstate pipeline, as well as receiving and delivering commodity to interstate pipeline facilities.

Under 49 U.S.C. § 60122 and 49 CFR § 190.223, you are subject to a civil penalty not to exceed \$218,647 per violation per day the violation persists, up to a maximum of \$2,186,465 for a related series of violations. For violation occurring on or after November 27, 2018 and before July 31, 2019, the maximum penalty may not exceed \$213,268 per violation per day, with a maximum penalty not to exceed \$2,132,679. For violation occurring on or after November 2, 2015 and before November 27, 2018, the maximum penalty may not exceed \$209,002 per violation per day, with a maximum penalty not to exceed \$2,090,022. For violations occurring prior to November 2, 2015, the maximum penalty may not exceed \$200,000 per violation per day, with a maximum penalty not to exceed \$2,000,000 for a related series of violations. We have reviewed the circumstances and supporting documents involved in this case, and have decided not to conduct additional enforcement action or penalty assessment proceedings at this time. We advise you to correct the item identified in this letter. Failure to do so will result in Valero Partners Operating Company, LLC being subject to additional enforcement action.

No reply to this letter is required. If you choose to reply, in your correspondence please refer to CPF 4-2020-019-WL. Be advised that all material you submit in response to this enforcement action is subject to being made publicly available. If you believe that any portion of your responsive material qualifies for confidential treatment under 5 U.S.C. 552(b), along with the complete original document you must provide a second copy of the document with the portions you believe qualify for confidential treatment redacted and an explanation of why you believe the redacted information qualifies for confidential treatment under 5 U.S.C. 552(b).

Sincerely,

Mary L. McDaniel, P.E.
Director, Southwest, Office of Pipeline Safety
Pipeline and Hazardous Materials Safety Administration

cc: James Trevino, Manager Regulatory Compliance, Valero, james.trevino@valero.com